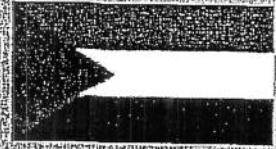




Embassy of the Republic of the Sudan

New Delhi, India



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INVESTMENT	INVESTMENT SYSTEM	LIVESTOCK	AGRICULTURE	INFRASTRUCTURE
INDUSTRIAL SECTOR	OIL INDUSTRY	OIL SECTOR	MINING SECTOR	ENERGY SECTOR
INVESTMENT OPPORTUNITIES IN THE KHARTOUM STATE				
REQUIREMENTS FOR REGISTRATION OF FOREIGN DRUG MANUFACTURING COMPANY				
GENERAL REQUIREMENTS FOR THE REGISTRATION OF PHARMACEUTICAL PRODUCTS				

INFRASTRUCTURE AND ECONOMIC SERVICES SECTOR

The economic services sector is central to the development of all other sectors. It contributed 44 percent of the National Domestic Product in the year 1999.

This sector includes various infrastructure and economic services. Great opportunities exist in both of them.

Potentialities and Opportunities in the Transport Sector

Sudan's development strategy aims at increasing the land transport capability by twenty times, paving more tarmac roads, connecting the whole country by proper means of air transport, and promoting the present airports and airstrips in order to make Sudan a real transport and communications centre at international and regional levels. The river transport sector is also being modernized and its capability increased twenty times. Some industries to manufacture means of transport such as vehicles, river vessels etc., locally in Sudan are given prominence in the investment strategies.

Realization of these objectives generates many investment opportunities, and the private sector is expected to contribute the greatest portion under the privatization policy.

Among the investment opportunities in the transport sector, the following opportunities can be cited: Transportation needs of all sectors using specialized haulage techniques and means; establishment of maintenance workshops and spare parts centres; investment in river transport; and investment in the air transport sector - both passenger and cargo services.

Rail Roads: The Railway Corporation is among the largest networks of transport on the African Continent extending about 4,750 km- The railway line covers the whole country from Port Sudan in the East to Nyala in the West, and Wadi Haifa in the North to Wau in the South.

The Corporation is engaged in transporting passengers, goods and livestock. Due to recent developments in the transport field, the Railways Corporation started rehabilitating and revitalizing itself by working on a sound commercial basis.

Investment in the rehabilitation requirements of Sudan Railways is considered a priority.

Roads: In 1998 Sudan's road system totalled between 20,000 and 25,000 kilometres, comprising an extremely sparse network for the size of the country. Asphalted all-weather roads, excluding paved streets in cities and towns, amounted to roughly 3,000 to 3,500 kilometers of which the Khartoum-Port Sudan road accounted for almost 1200 kilometers. There are between 3,000 and 4,000 kilometers of gravel roads located mostly in the southern region where lateritic road-building materials are abundant. In general, these roads are useable all year round, although travel might be interrupted at times during the rainy season.

Small private companies, chiefly owner-operated trucks, furnished most road transport. The government has encouraged private enterprise in this industry, especially in the central and eastern parts of the country, and the construction of all weather roads has led to rapid increases in the number of hauling businesses.

Inland Waterways: The Nile River provides an important inland transportation route. Its overall usefulness, however, has been limited by natural factors, including a number of cataracts in the main Nile between Khartoum and the Egyptian borders. The White Nile to the south of Khartoum has shallow stretches that restrict the carrying capacities of barges, especially during the period of low water, and the river has sharp bends. A major impediment to traffic has been the spread of the water hyacinth.

Civil Aviation: The creation of the Civil Aviation Authority dates back to 1936. The first airport was established east of Khartoum during World War II. Currently the Corporation has more than 17 airports in Sudan, the biggest being the Khartoum airport. Domestic and international air services are provided by Sudan Airways, a government-owned company. Many foreign carriers operate from Khartoum. The company has a fleet of Boeing and Airbus planes. Sudan Airways is also heading towards privatization to which strategic and credible partners are invited.

River Transport and Shipping: Presently Sudan has an operational deep harbour, Port Sudan, situated at the Red Sea. The Port, built to complement the railroad line from Khartoum to the Red Sea, serves as the entry and exit point for the country's trade. Another port, Osman Digna of Suakin, was opened in January 1991, and is capable of handling an estimated 1.5 million tons of cargo. It is also a passenger terminal. Interested investors in this field are invited.

Sudan Shipping Line: Established in 1959, Sudan Shipping Line (SSL) is the national sea carrier and ship owner. It is in fact one of the largest and oldest shipping companies in the Arab and Middle Eastern region.

Sudan Shipping Line expanded the volume of its operations and diversified its fleet units to 15 various multi-purpose vessels of total capacity TDW of 159,000 M.T.

SSL started with equal shared capital between the Central Bank of Sudan and the Yugoslav Foreign Trade Bank. However later on, the Government of Sudan bought the shares of Yugoslavia, and SSL capital has been fully owned by the Government of Sudan since January 1967. SSL is keen to secure eminence as well as to play a positive role in the country's socio-economic activities.

Warehousing and Storage: The warehousing sector is central in the economies of production especially in the agricultural sector. Despite the availability of many dry and cool warehousing containers in Sudan, storage capabilities do not meet the present demands and do not cope with the increasing storage requirements that have emerged lately.

Warehousing and storage demand is an essential investment area. Building dry or cool storage facilities, establishing mobile fridge container transport units, the rehabilitation of the present storage facilities, like raising the capacity of Port Sudan granary to 100,000 tons, are attractive opportunities.

Housing and Construction: The housing and construction sector builds houses, hospitals, educational institutions, roads, bridges, airports etc. This sector faces great challenges in order to keep abreast with the development and the overall investment climate in Sudan. Great investment opportunities are available in this sector.

Communications: Telecommunications are being modernized. A satellite ground station near the capital working with the International Telecommunication Satellite Corporation (Intelsat) provides direct dialing between Sudan and Europe, North America, and other parts of Africa. In addition, a second satellite ground station is linked to the Arab Satellite (Arabsat)'s network serving members of the League of Arab States. Sudan is also member of the African RASCOM project.

The Telecommunications exchange was greatly improved with the establishment of Sudanese Telecommunication Company (Sudatel) a public share-holding company, with the aim of extending telecommunication services and modernizing equipment and networks.

The Educational and Medical Services: Educational and medical services are generally provided by the state-owned educational institutions and the Ministry of Health's hospitals. Because of the high demand, investment opportunities are left open to the private sector to venture in establishing specialized private hospitals, importing of modern diagnostic centres; to establish educational institutes in the various fields of science and technology, vocational, medical, engineering, agricultural, veterinary and economic training fields.

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V.I.P. INTERVIEWS



INTERVIEW WITH:

MR. HASSAN MOHAMED ALI

The General Manager of Sudanese Petroleum Corporation

Could you give our readers an overview of what the mission and objectives of the Sudanese Petroleum Corporation are?

The Sudanese Petroleum Corporation is part of the Ministry of Energy and Mining. It's a regulatory body that handles exploration, production as well as other activities such as transportation, refining and marketing, plus normal activities as any corporation like finance and planning. When I say regulatory body I mean that this business is actually carried out by companies, either local or foreign. Presently, we have joint ventures between the government and foreign companies. In that case we represent the government interests. The Sudanese Petroleum Corporation arranges licenses of exploration. We conduct the promotion and the negotiations, and upon approval by high authorities, we sign the agreements and we sort of technically and financially supervise the operations of these companies.

There are investors from Japan, India and Indonesia who have already submitted their applications for this forthcoming licenses round. Could you give us an assessment of the situation?

We now have so many options from interested investors! With some we have already concluded what we call a Memorandum of Understanding (MOU) by which we give all the data and information to the interested parties before entering the negotiation. This was for the Russian companies, and particularly for the

What future do you foresee for gas in the Sudan?

In the case of Sudan it is very early to tell. Many companies were working in the Red Sea area but they did not really pursue their studies because at the time gas was actually not required as a product, it was very cheap. Nobody wanted it, they just burnt it; they were looking for oil and they didn't find oil, but they didn't develop gas either.

What kind of gas are we talking about?

It is natural gas. We have a very light oil but that's also a signal that it is basically a gas area rather than an oil one; the technology in the seventies and eighties was not very advanced to really tell what gas reserves were. So, what we are saying now is: "let us license". If we get small or big quantities in both cases it's fine, and when the investors can not export they'll sell it to the government. Exploration history in Sudan is not very long although it started early in the late fifties. But it was only for a year or two and then it stopped for many years, so we don't have a clear view of what we have.

There are presently two refineries. Do they already meet the local demand, and what are your plans to expand the refined products?

From the two refineries we have, one is small and the production is mainly fuel oil products. The second is a big refinery, more complex; it supplies the country with

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company called "Slavnaft" who had been given the data with respect to the middle part of Sudan, particularly Khartoum state and river Nile state. They may come in two months time to further negotiate. There is another Russian company which is interested in the Red Sea area... This will be most likely gas rather than oil. Bearing Structure, another Russian company, is expected to come in a month time for further negotiation. We have Japanese companies who are planning to come probably early June to discuss license of blocks in the north west part of Sudan, and we are waiting for them. We are now promoting the north of Sudan because most of the area in the middle, west and south are already licensed through a current agreement, some of them are already producing; some are very active in exploration, in some there is a bit of oil, but, of course, they need to develop.

Oil discoveries have been made in some blocks. When do you expect these new fields to be operational?

The earliest of these fields would probably come late this year. And they may not come full fledged production, it might be a sort of early production systems. But I think to resume production in all these blocks would take time. It would be in the year 2003 or early 2004 to get sort of huge contribution from block 3 and 7, block 6 and block 5A in particular. Block 5B was signed on March, and we don't expect the company to be active in exploration before the end of the year. Our expectations is that on the year 2004 we double the level of production. 400000 bbl/day is a very modest target but in oil business you have to be very conservative.

What are your expectations as far as natural gas is concerned, and what similarities would you observe between Sudan and Egypt when dealing with gas resources?


I don't place high expectations as far as exporting natural gas. I put my hope in quantities that could be used locally for power generation and petrochemical industries in the Red Sea area. We need it for fertilizers and other petrochemicals; gas could be a medium for power generation, so whatever quantities we get, we need them locally. It's a matter of luck whether you could get very huge quantity that justify exportation, because gas export is very expensive. You have to liquify the gas, pressurize it, you must have special means of transport. So it depends on the scale: if the scale is small it is better to use it locally while we can save oil to be used in local power generation. This is the same strategy in Egypt although they are expanding the local consumption of gas at the expense of oil; they were really fortunate to discover more gas than what they really needed, so they are now targetting export.

all its requirements. In fact, we have a surplus of gas to export, but we know that very soon in some other products there may be some shortage. That's why we are looking at Port Sudan refinery for development so that it could backup Khartoum refinery and at the same time it could be an export refinery because it is coastal and the crude oil is just passing nearby. Instead of exporting crude oil we can use Port Sudan to refine our crude oil, complement Khartoum refinery on any growth in the future requirements and balance the rest of production for export. This project is well studied, but we are still reviewing the offers for the development of this refinery.

In fact Chinese have 50% in Khartoum refinery. Are there other investors coming from Asian countries?

For Port Sudan refinery investors are not from Asia; the project was a joint study between us and Petronas. Petronas was interested at that time but I think when we completed the study they were facing the financial crisis which affected that part of the world; they had been investing in South Africa and they also committed in Malaysia. The time was not really good for them to invest in the refinery, so they finished the work with us and that was all. We didn't want to wait for them until they were ready, so we asked other companies to come from Europe.

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